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**COMMISSIONERS**  
**MIKE GLEASON** - Chairman  
**WILLIAM A. MUNDELL**  
**JEFF HATCH-MILLER**  
**KRISTIN K. MAYES**  
**GARY PIERCE**

**BRIAN C. McNEIL**  
**EXECUTIVE DIRECTOR**



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## ARIZONA CORPORATION COMMISSION

## MEMORANDUM

**TO:** Mike Gleason, Chairman  
 William A. Mundell  
 Jeff Hatch-Miller  
 Kristin K. Mayes  
 Gary Pierce

Arizona Corporation Commission  
**DOCKETED**

JUN 25 2007

**FROM:** Matthew J. Neubert  
 Director of Securities

DOCKETED BY	ne
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**DATE:** June 19, 2007

**RE:** Mutual Benefits Corporation (S-03464A-03-0000)

**CC:** Brian C. McNeil, Executive Director

AZ CORP COMMISSION  
DOCKET CONTROL

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RECEIVED

Attached hereto is a proposed Order of Dismissal of the case involving Mutual Benefits Corporation ("Mutual Benefits"). On April 25, 2003 the Securities Division filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, of Denial, for Restitution, for Administrative Penalties and for Other Affirmative Action (the "Notice"). Mutual Benefits requested a hearing.

This Commission action was proceeding towards a hearing when, on May 3, 2004, the Securities and Exchange Commission ("SEC") filed an action against Mutual Benefits, several individual defendants and eight entity relief defendants. The SEC action resulted in the appointment of a receiver over Mutual Benefits and the relief defendants.

In August 2004 the Commission hearing pertaining to Mutual Benefits was continued indefinitely pending resolution of the SEC action.

Since his appointment, the Mutual Benefits receiver has issued twenty separate reports and has established extensive procedures to resolve individual policies depending on the votes of investors having an interest in those policies. The receiver's web site can be found at [www.mbreceiver.com](http://www.mbreceiver.com).

On April 10, 2007 after extensive litigation and court proceedings, the court in the SEC action entered a Final Judgment of Permanent Injunction and other Relief against Mutual Benefits. The judge's order found violations of the registration and anti-fraud provisions of federal securities laws. Other defendants in the SEC action have also had final judgments entered against them.

In addition to the SEC action, a number of individuals have been criminally prosecuted for their role in the Mutual Benefits' case. These individuals include Peter Lombardi (former president, sentenced to 20 years and restitution of \$956 million), Clark Mitchell (medical doctor that provided false life expectancies, sentenced to 10 years and \$355 million restitution), Carol Traina and Bari Wiggins (employee-managers pled guilty, each face 5 years in prison and are jointly responsible for \$830 million restitution). Further detail on the criminal cases can be found on receiver's web site.

As the SEC and criminal actions have provided all essential relief that was sought by Securities Division in its Notice against Mutual Benefits, further action by the Commission is unnecessary. It is therefore recommended that the Commission approve the attached order dismissing the action against Mutual Benefits.

Originator: LeRoy Johnson

1                               **BEFORE THE ARIZONA CORPORATION COMMISSION**

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3                               COMMISSIONERS

4                               MIKE GLEASON, Chairman  
5                               WILLIAM A. MUNDELL  
6                               JEFF HATCH-MILLER  
                              KRISTIN K. MAYES  
                              GARY PIERCE

7 In the matter of:

8 MUTUAL BENEFITS CORPORATION,

9                               Respondent.

DOCKET NO. S-03464A-03-0000

10                              DECISION NO. \_\_\_\_\_

**ORDER OF DISMISSAL**

11                            A Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, of  
12 Denial, for Restitution, for Administrative Penalties and for Other Affirmative Action (the  
13 "Notice") was filed against Mutual Benefits Corporation ("Respondent") on April 25, 2003.  
14 Respondent requested a hearing.

15                            The Arizona Corporation Commission having reviewed this matter and being advised of  
16 the premises orders as follows,

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1 IT IS HEREBY ORDERED that these proceedings are hereby dismissed with prejudice  
2 and that each party shall be responsible for their respective costs and attorney's fees.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION  
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7 CHAIRMAN

COMMISSIONER

9  
10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
13 Executive Director of the Arizona Corporation  
14 Commission, have hereunto set my hand and caused the  
15 official seal of the Commission to be affixed at the  
16 Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
17 \_\_\_\_\_, 2007.

18 \_\_\_\_\_  
19 BRIAN C. McNEIL  
20 Executive Director

21 \_\_\_\_\_  
22 DISSENT

23 \_\_\_\_\_  
24 DISSENT

25 This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
26 voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).